

Growth pillar: Highlights in 2022

1. LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

Coffee boosted

by Costa: now in 8,000
out-of-home outlets.

Stills bounced back

after the pandemic.

Sparkling performance

We gained share across all brands, including
Trademark Coke, Fanta and Sprite.

Adult Sparkling

continues to grow as a percentage
of overall Sparkling, boosting
revenue per case.

Energy energised

Proliferation of flavours and double-digit
revenue growth.

Leverage our unique 24/7 portfolio *continued*

KPIs

- Organic revenue growth
- Organic revenue per case growth
- Volume growth

Principal risks

- Competing in the digital marketplace
- Product relevance and acceptability
- Strategic stakeholder relationships

Stakeholders



Our customers



Our consumers



The Coca-Cola Company



Shareholders

Broad, unique portfolio delivered continued growth

As we emerged from the global pandemic, the war in Ukraine cast a large shadow emotionally and operationally over us all. We delivered strong performance in 2022 for our people and our business, despite the challenges we faced given Ukraine and Russia are both Coca-Cola HBC markets.

We remained focused and disciplined on executing our growth strategy, with our broad and unique 24/7 portfolio combined with solid pack/price architecture and strong execution. Our strong partnerships with customers supported our growth momentum and we continued investing behind our strategic priorities throughout the year.

Sparkling growth driven by consistent strategic focus

Our sparkling portfolio remained resilient and was once again one of the best performing categories across our markets in 2022. We grew share across Trademark Coke, Fanta and Sprite, driven by targeted campaigns and activations.

Adult Sparkling continued to be a key driver of premiumisation with strong growth momentum. Low- and no-sugar variants performed particularly well, with organic volume growth ex Russia and Ukraine up 14.3% compared with 2021.

We continued building on the well-established association of 'Coke and Meals' that resonates with consumers, adds value to our customers and is the primary profit driver for Trademark Coke. Coke and Meals was supported with dedicated activation plans across our markets throughout the year, leveraging our unrivalled in-market execution capabilities.

In 2022 we took a more strategic and holistic approach to the consumption occasion of 'breaks' – moments that create a positive mindset. We further increased teen recruitment and solidified value share for Trademark Coke, focusing on the breaks occasion with screen time and music, with dedicated activation peaks throughout the year.

Trademark Coke also led our Christmas activations, propelled by the focus, passion and creativity of our people across our markets. We succeeded in emotionally connecting with consumers, while increasing value creation and partnership with customers.

Organic volume growth for Adult Sparkling was up 9.5% (ex Russia and Ukraine) in 2022 compared with 2021, with growth across Schweppes and Kinley. We expanded our footprint into the super-premium adult sparkling segment by acquiring artisanal mixer company, Three Cents, which was founded by bartenders and entrepreneurs. Three Cents premium mixers are targeted to mixologists and high-end hotel, restaurant and cafe outlets. Artisanal mixers are an attractive addition to our 24/7 product portfolio as consumption shifts back to out-of-home channels after the pandemic.

As inflation increased across our markets, we flexed our offering by downsizing multi-serve packs to address affordability concerns. We also brought forward premiumisation efforts, as consumers looked for affordable treats. For example, we engaged consumers in fun Schweppes and Kinley 'mixability' experiences with our premium spirits partners. These highlighted opportunities to blend our portfolio and add value across beverage categories.

The reopening of hotels, restaurants and cafes was fundamental to our success during the year. We continued delighting our consumers, driving revenue through single-serve consumption and generating increased value for our customers.

Strong growth in still products

2022 marked a good year for our Still category across all business units. We delivered double-digit revenue growth thanks to good momentum and impactful execution, leveraging new communication campaigns and consumer promotions to drive transactions of ready-to-drink (RTD) tea and sport drinks. As a result, we gained value share in both areas.

In Water, we stayed focused on execution, cost leadership and selective expansion into highly profitable emerging segments to deliver profitable growth. Sustainability continues to be a key focus of our water business. We introduced the first label-free branded water packaging in Switzerland, launching three label-free variants of Valser. The distinctive look differentiates our products while improving the ease of package recycling.

In RTD Tea, we delivered double-digit revenue growth, boosting revenues with exciting advertising campaigns, the acceleration of zero-sugar flavours and strong in-store execution. In Juice, we expanded our footprint in active markets with our Cappy and Next Lemonades and added interest with the new elderflower flavour.

Sport Drinks reported an exceptional performance due to growing consumer demand and targeted investments in priority markets. We had particular success with Powerade in Italy, achieving and retaining our market share leadership position during the year.

Leverage our unique 24/7 portfolio *continued*

Energy is energised

Energy is one of the fastest growing categories of non-alcoholic ready-to-drink (NARTD) products. We continue to increase our market share as a result of our well-defined strategy – offering a complete brand portfolio, using disruptive marketing platforms and offering a range of flavours to give consumers choice and entice newcomers into the category.

We continued building our Monster portfolio by growing Monster Ultra, a zero-sugar variant, and Monster Juiced. In Nigeria and Poland, we achieved growth while addressing affordability with Predator. Post-pandemic, we reignited the support behind Burn, with very good results attained in Hungary and the Baltics.

We continued our journey into the performance drinks segment with our targeted brand, Reign. Its popularity increased in our target markets of Ireland and Poland, where our strategy of appointing high-profile sporting brand ambassadors paid off.

Coffee grows as we expand our portfolio

Coffee continues to grow, primarily driven by doubling our away-from-home outlets as well as growing sales of beans, ground coffee and capsules for at-home occasions.

Costa coffee continues to thrive, with a strong presence in 16 of our markets after exiting Russia. We were the first Coca-Cola bottler to pilot and launch the Costa proprietary capsule system for out-of-home occasions in 2022, with very encouraging initial results. Poland is our biggest Costa market both in terms of volume as well as revenue, also benefiting from the growth in e-commerce there.

Our distribution agreement with Caffè Vergnano expands our 24/7 portfolio with a super-premium coffee product for high-end hotels, restaurants and cafes. Combined with Costa, this gives us a total coffee portfolio for all customers and occasions. Caffè Vergnano is now available in 14 of our markets.

Growth of coffee capabilities across our teams remains a key focus. In 2022 we invested in our Coffee Experts and Coffee Training Centres network and launched our Coffee Academy, building on the success of our Sales Academy development programme for Business Developers. We also expanded our use of digital-enabled decision making, with over 75% of our professional coffee machines connected with telemetry. In fact, most of our markets use our Data, Insights and Analytics bespoke software for coffee-specific customer segmentation.



Premium Spirits in prime position

Premium Spirits benefited from developments in consumer preferences and out-of-home channel trends during the year. Revenue growth was driven by our strategy of premium positioning, which remains attractive as consumers seek affordable treats despite inflationary pressures.

Brown-Forman, Edrington, Campari and Nemiroff continue to be strong regional partners. In 2022 we formed an exciting new partnership with Bacardi in Czech Republic and Hungary with a very promising start.

Developing specialised capabilities is an important part of our success in this segment. To further improve, we launched a Premium Spirits Academy to train our dedicated teams. The capabilities of more than 6,000 Business Developers will be upskilled through this initiative over the next two years.



Leverage our unique 24/7 portfolio *continued*

Taking action to improve consumers' health & nutrition

Understanding what our consumers want and need is fundamental to our long-term success as a 24/7 beverage company. Increasingly consumers are interested in healthier options, including reducing their sugar intake, while still consuming products that taste great.

At Coca-Cola HBC, we are taking meaningful actions to help people make informed choices. We support the EU's Farm to Fork goals for a healthy, sustainable food system and, as part of the Coca-Cola System, we follow the EU Code of Conduct for Responsible Business and Marketing Practices. The latter calls upon industry and retailers to reformulate products, encourage portion control and market responsibly.

Our actions are aligned with our Coca-Cola System partners and fall in five key areas:

- less sugar, more choices
- new and different drinks
- informed decisions
- no marketing targeting children
- promoting low- and no-sugar choices

We have embraced the recommendations that individuals should not consume more than 10% of their total daily calories from added sugar. In support of this, we continue to offer products where we have changed recipes to reduce added sugar, sell more beverages in smaller packages to

enable portion control and promote low- and no- calorie beverage options.

As part of our Mission 2025 targets, we have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025 across all our markets. By the end of 2022, we had achieved a 17% reduction. Through these efforts, we are contributing to the European Soft Drinks Association's (UNESDA's) target to reduce added sugar in beverages by 10% by 2025 from a 2019 baseline.

We are also committed to providing clear and transparent nutrient information about our drinks, such as the Guideline Daily Amount (GDA) labels on our packages. We adhere to the policies of the Coca-Cola System for global responsible marketing, including the Global School Beverage Policy and the Global Responsible Alcohol Marketing Policy. We also adhere to UNESDA's pledges on Responsible Marketing.

We commit to not market directly to children under 13 and do not offer any soft drinks in primary schools. For 2022, relevant employees and both direct and indirect distributors were once again made aware of The Coca-Cola Company's Responsible Marketing Policies.

Looking ahead to 2023, we expect further developments regarding front-of-pack nutritional labelling and sweeteners. As part of the Coca-Cola System, we remain highly engaged with key stakeholders through our participation in industry associations.

Ensuring fresh, quality products and reducing waste

The rate of consumer complaints improved by 11% compared to 2021, even though consumer preferences continue to evolve. Our efforts to improve and modernise manufacturing processes and our focus on product quality, safety and integrity helped us achieve this reduction. We also voluntarily took back products from the market on four occasions, in Greece and Cyprus, Poland and Romania, and had one product recall from the market in Italy during the year.

To maintain awareness amongst our employees and build their capabilities in quality and logistics, we introduced a Supply Chain Academy. We also marked World Food Safety Day in June and World Quality Week in November.

We strive to minimise food loss and food waste in our operations as this helps us preserve water and other natural resources, avoid carbon emissions and mitigate the social and economic impacts of agriculture.

In 2022 we committed to food loss and waste goals, following our adoption of a new food loss policy in 2021. Our target is to reduce absolute food losses in dry matter by 30% by 2025, and by 40% by 2030 compared to our 2019 baseline. These are absolute targets irrespective of volume growth in our business. Unused beverages are treated at either our own plant or external wastewater treatment facilities. Liquid is reinstated after treatment to levels necessary to support aquatic life. Any remaining material is sludge, or dry food loss, which is then used for alternative purposes such as composting for agricultural needs or incineration for energy recovery and biogas/biofuel. Our absolute amount of food loss from finished beverages was reduced by 1% in 2022 compared to 2021.

Priorities in 2023

- Continue to deliver strategic priorities of Sparkling, Energy and Coffee
- Relentless focus on execution, growing at-home and out-of-home occasions
- Focus on pack architecture and price/mix to balance affordability and premiumisation
- Capitalise on Energy, Coffee and Premium Spirits by increasing our capabilities through training
- Continue to focus on reducing sugar content in our beverages to meet our Mission 2025 sustainability target

UN Sustainable Development Goals

We serve our consumers with a broad range of high-quality products. In doing so, we create value by contributing to global goals for good health and wellbeing, innovation, responsible production and consumption as well as partnerships.

